

Message Text

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PAGE 01 PRETOR 00925 021733Z

71

ACTION AF-06

INFO OCT-01 EUR-12 IO-11 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 /110 W
----- 090920

R 021402Z MAR 76

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 3917

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY MASERU

AMEMBASSY MBABANE

USMISSION GENEVA

USDEL MTN GENEVA

FUFNPS/USMISSION OECD PARIS 2167

UNCLAS PRETORIA 0925

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ETRD, EFIN, SF

SUBJ: TRADE BALANCE WORSENS

1. CUSTOMS AND EXCISE FIGURES FOR JANUARY SHOW A SIGNIFICAT WORSENING
OOF SOUTH AFRICA'S TRADE BALANCE.

2. IMPORTS(EXCLUDING ARMS AND OIL) INTO THE CUSTOMS AREA WERE
R526.5 MILLION IN JANUARY, UP FROM A MONTHLY AVERAGE OF R488.8M IN
THE LAST QUARTER OF 1975, IE. IN THE FIRST THREE MONTHS FOLLOWING
DEVALUATION.

3. EXPORTS (EXCLUDING ARMS, OIL AND BTN XIV) WERE R216.7M IN
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PAGE 02 PRETOR 00925 021733Z

JANUARY, DOWN FROM A MONTHLY AVERAGE OF R265.4M IN THE LAST QUARTER

OF 1975.

4. THE DEFICIT ON THIS BASIS WAS THUS 309.8M IN JANUARY. UP FROM A MONTHLY AVERAGE OF R223.4M IN THE LAST QUARTER AND A MONTHLY AVERAGE OF R220.6M IN THE THREE QUARTERS PRECEDING THE SEPTEMBER DEVALUATION.

5. IN DOLLAR TERMS (USING \$1.15 SINCE AND \$1.40 PRIOR TO DEVALUATION) THE DEFICIT WAS \$356.3M IN JANUARY, A MONTHLY AVERAGE OF \$256.9M IN THIS QUARTER AND OF \$308.8M IN THE FIRST THREE QUARTERS OF 1975.

6. COMMENT. WHILE THE IMPORTANCE OF FIGURES FOR A SINGLE MONTH SHOULD NOT BE EXAGGERATED. THE JANUARY FIGURES, COMING ON TOP OF UNENCOURAGING FIGURES FOR THE LAST QUARTER. ARE CLEARLY WORRYING TO THE AUTHORITIES. WITH THE PRICE OF GOLD STILL LOW COMPARED WITH A YEAR AGO THE CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS IS CLEARLY DETERIORATING. THE CURRENT DEFICIT IS STILL BEING FINANCED TO AN UNCOMFORTABLE EXTENT BY SHORT-TERM RESERVE BANK BORROWINGS ABROAD AND THE AUTHORITIES HAD HOPED FOR RELIEF IN THE FORM OF AN IMPROVED TRADE BALANCE FOLLOWING THE SEPTEMBER DEVALUATION. DEVALUATION HAS APPARENTLY NOT YET HAD THE DESIRED EFFECT.
EDMONDSON

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